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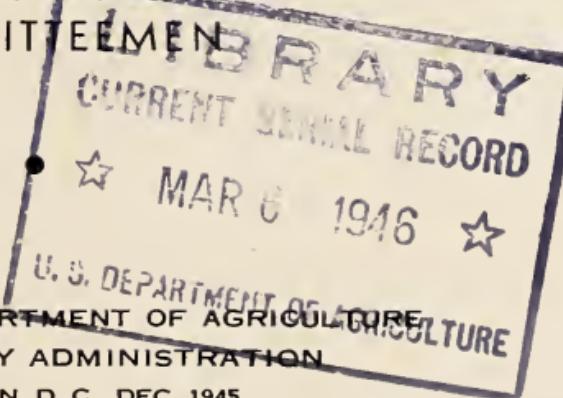
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Better Farming and Better Living

THE FIRST STEP IN THE REHABILITATION PROCESS

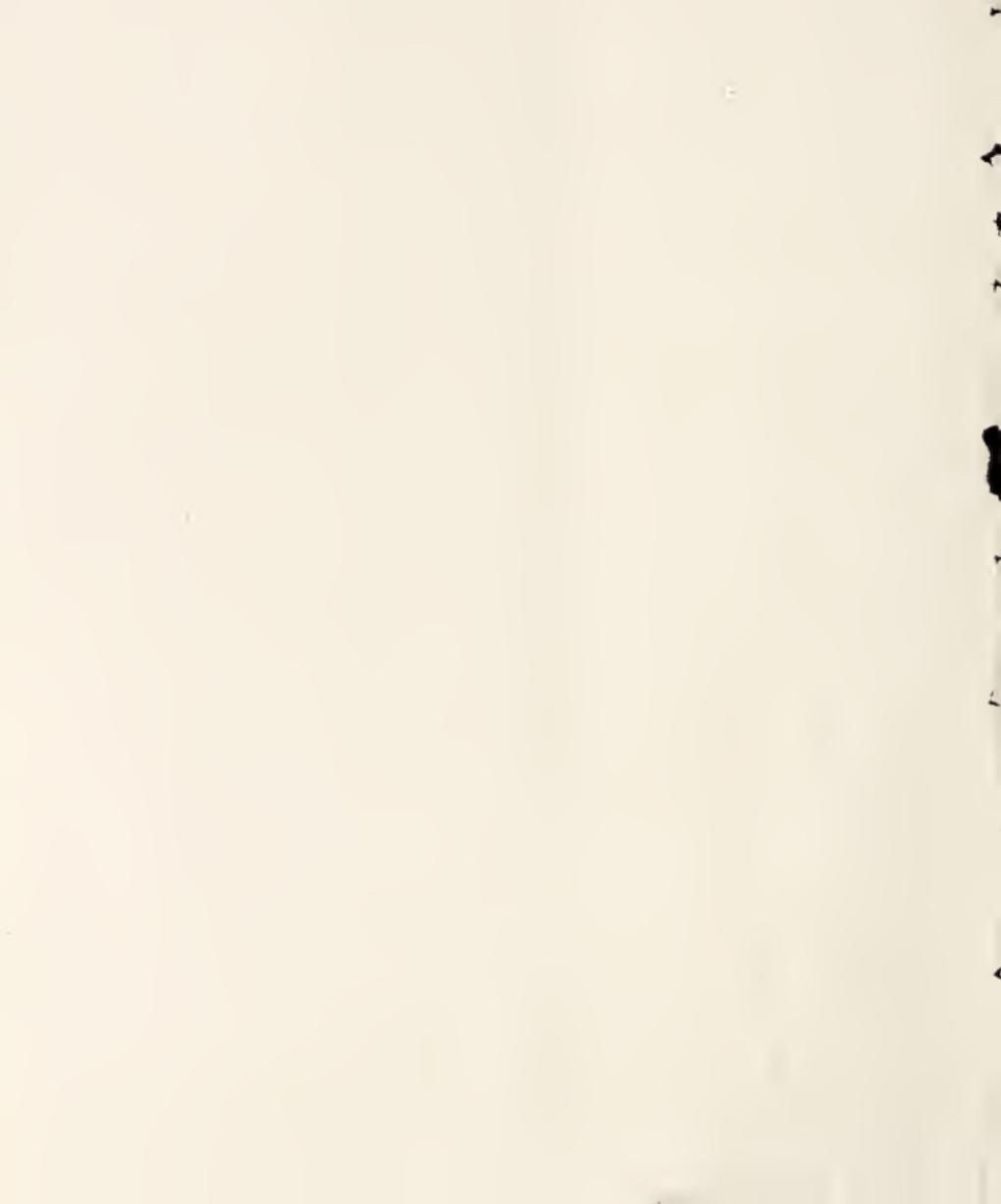
A MESSAGE TO
COUNTY FSA
SUPERVISORS AND
COMMITTEEMEN



AIS-40

~~UNITED STATES DEPARTMENT OF AGRICULTURE~~
~~FARM SECURITY ADMINISTRATION~~

WASHINGTON, D. C., DEC. 1945



THE FIRST STEP

In the Rehabilitation Process

First—An Understanding

It is the purpose of this message to emphasize the very great importance of having a **proper understanding** with each applicant for FSA assistance **before his loan is approved.** This may seem too simple and self-evident to require emphasis. But is it? Consider for a moment what could be accomplished if every FSA borrower were joining wholeheartedly and understandingly in an effort to improve his farming methods and his living conditions. Consider also the problems that arise when borrower understanding is lacking.

Teaming up with Farm Security

The fact that Farm Security has been operating many years does not mean that applicants will realize just what is involved in **teaming up with Farm Security.** The fact that you are fully aware of the close working relationship that must exist

between borrower and supervisor does not mean that your understanding will be transmitted to the borrower without considered and intelligently directed effort on your part.

The Right Start

It must be evident, of course, that you want to help the applicant. After that the important thing is that there be understanding and that this understanding be arrived at before a loan is made or a definite working relationship entered into. This is step number one in "Making Supervised Credit Mean What It Implies." All other steps that follow, such as developing annual and long time farm and home plans, carrying them out, and collecting repayments as they fall due, will be facilitated if step number one is properly taken.

Pride in Your Job

Consider for a moment your own attitude toward supervision. Is it an attitude of confidence and assurance? If it is an apologetic attitude, you may be sure that there is something wrong. If you really know how to help low-income farm families improve their circumstances through the medium of supervised credit, you will command the

respect of everyone and have a right to be proud of the business you are in.

Who, What and Why

Methods used in arriving at an understanding will vary with different applicants. No hard and fast rule can be laid down, but it is important to establish mutual confidence, to explain "why" as well as "what". And before an RR loan, FO loan or any kind of loan is made to any applicant, he and his wife should clearly understand that:

1. Farm Security is not just another lending agency;
2. FSA loans are supervised;
3. They are based on sound farm and home plans;
4. Farm and home plans are sound only when borrowers and their families by following them can live satisfactorily and repay their debts;
5. The borrower, the borrower's wife and the farm and home supervisor must all work together in developing the farm and home plan upon which the loan is based;
6. In order to plan intelligently, it will be necessary for the supervisor to know what the

borrower owns, what he owes, what facilities and equipment he needs that he does not have, what his income is likely to be, what it is likely to cost to operate the farm and what living expenses are likely to be;

7. The plan agreed upon must be followed as closely as practical and expenditures must be in reasonable conformance with the approved operating budget;

8. Plans will be changed from time to time to meet changing conditions but the borrower and the supervisor must both agree to all important changes in plans;

9. The FSA family record book must be kept if the borrower or some member of his family is able to keep it or can be taught by the supervisor to do so;

10. An earnest effort must be made to enter in the record book all the income received, whether it be from the farm or from some other source and all of the expenditures made for whatever purpose.

The Real Question

An applicant's attitude toward supervision is, of course, greatly influenced by his concept of super-

vision. It is your responsibility to see that he has the right concept. Farm Security supervision is essentially a joint undertaking in changing unsuccessful farm and home operations into successful farm and home operations. Properly conceived and executed, there is no regimentation about it. Nothing is required that is not in line with sound business practice. The real question for an applicant to consider is, therefore, "am I willing to comply with such practices?"

Most Applicants Will Cooperate

With few exceptions, applicants who fully understand the benefits to be obtained from an FSA supervised loan will be willing to assume the obligations that go along with such loans. They will realize that it is the purpose of Farm Security to help them and that in carrying out their part of a cooperative undertaking they will be helping themselves. Farm Security can help such applicants and should make every effort to do so.

When a Loan Should Not Be Made

A few applicants, on the other hand, may not desire to cooperate in such a way as to make it

possible for Farm Security to help them. They may not care to give complete information about their assets and liabilities. They may not wish to obligate themselves to follow plans, operate within budgets or keep records of income and expenses. Their preferences should be respected. Farm Security can be of little assistance to such applicants and it is unwise to approve their applications for loans.

The Final Decision

An applicant should not be rushed into a decision. If he comes to FSA merely seeking a loan he should carefully consider the matter and decide whether he wants a **supervised loan**. His wife should participate in the decision. It is not too much to ask the applicant to return a second time after he has thought the matter over and discussed it in the family circle if there is doubt about his understanding or his attitude at the time of the first interview. When it is clear that he understands what the FSA services are, that he wants those services and will do his part in taking advantage of them, step number one in the rehabilitation process will have been properly taken.